

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-05 TRSE-00
LAB-04 SIL-01 OMB-01 AGRE-00 STRE-00 L-03 H-01
/067 W

-----084525 061414Z /43

R 061240Z JAN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 4122
INFO ALL EC CAPITALS
AMEMBASSY PARIS
USMISSION GENEVA

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USEEC

PASS AGRICULTURE ELECTRONICALLY
PARIS ALSO FOR USOECD
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E.O. 11652: N/A
TAGS: EAGR, EEC
SUBJ: THE EC PROPOSAL FOR REGISTRATION OF SEED
MULTIPLICATION CONTRACTS IN THIRD COUNTRIES

REF: (A) 77 BRUSSELS 18327, (B) 76 STATE 164189

1. SUMMARY: MISSION OFFICIAL DISCUSSED EC PROPOSALS
CONCERNING SEEDS, IN PARTICULAR, PROPOSAL FOR COMPULSORY
REGISTRATION OF MULTIPLICATION CONTRACTS, WITH COMMISSION
EXPERT. U.S. SEED INDUSTRY HAS EXPRESSED CONCERN
ABOUT COMPULSORY REGISTRATION IN THE PAST. COMMISSION
OFFICIAL SAID THAT REGISTRATION OF MULTIPLICATION
CONTRACTS WAS AIMED ONLY AT INCREASING MARKET TRANS-
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PARENCY. HE DID NOT FEEL ANY MECHANISM WOULD BE NEEDED
TO ENFORCE THIS OBLIGATION. END SUMMARY.

2. AS PART OF ITS PROPOSED PRICE PACKAGE FOR 1978/79
(REF. A), THE COMMISSION SUBMITTED TWO PROPOSALS
REGARDING SEEDS: ONE PROPOSAL WOULD REPLACE THE CURRENT
METHOD OF FIXING AID FOR EACH MARKETING YEAR BY A

SYSTEM OF FIXING AID FOR TWO CONSECUTIVE MARKETING YEARS. THE SECOND PROPOSAL WOULD REQUIRE COMPULSORY REGISTRATION OF SEED PRODUCED UNDER MULTIPLICATION CONTRACTS IN THIRD COUNTRIES. (MULTIPLICATION CONTRACTS ARE A FORM OF SUBCONTRACTING OF SEED PRODUCTION--SEEDS ARE FURNISHED TO A PRODUCER WHO REPRODUCES THEM AND THEN DELIVERS THIS PRODUCTION TO THE COMPANY ORIGINALLY FURNISHING THE SEEDS.) MISSION AGRICULTURAL OFFICER VISITED COMMISSION OFFICIAL TOUGAARD ON JANUARY 4 TO DISCUSS ABOVE-MENTIONED PROPOSALS, PARTICULARLY TO OBTAIN VIEWS RE PROPOSAL ON MULTIPLICATION CONTRACT REGISTRATION. IN THE PAST, U.S. SEED INDUSTRY HAS EXPRESSED CONCERN ABOUT POSSIBLE TRADE RESTRICTIVE EFFECTS OF SUCH REGISTRATION ON U.S. SEED EXPORTS (REF. B). FOLLOWING ARE MAIN POINTS OF THE DISCUSSION.

2. TOUGAARD SAID THAT THE IDEA BEHIND THE PROPOSED CHANGE IN FIXING PRODUCER SUBSIDIES WAS THAT BY LINKING THE FIXING OF AID TO THE PLURI-ANNUAL NATURE OF MOST SEED PRODUCTION, A CERTAIN STABILITY OF AID COULD BE ASSURED TO PRODUCERS AND THUS ENABLE BETTER PRODUCTION PLANNING. ALONG THIS SAME LINE, TOUGAARD SAID THAT COMPULSORY REGISTRATION OF THIRD COUNTRY MULTIPLICATION CONTRACTS WAS PROPOSED TO PROVIDE GREATER MARKET TRANSPARENCY IN ORDER THAT SOUND JUDGMENTS COULD BE MADE BY COMMUNITY OFFICIALS IN SETTING PRODUCER LIMITED OFFICIAL USE

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SUBSIDIES AND BY SEED CONTRACTING FIRMS AND FARMERS IN MAKING ACTUAL PLANTING DECISIONS. HE FELT THAT THIS WAS THE ONLY WAY AVAILABLE FOR THE COMMUNITY TO OBTAIN ADVANCE INFORMATION ON POTENTIAL COMMUNITY SUPPLIES, PARTICULARLY SINCE THE EARLIER PROPOSAL REGARDING IMPORT LICENSING HAD BEEN DROPPED. HE SAID THAT WHILE IT WAS RELATIVELY EASY TO FORECAST SEED PRODUCTION WITHIN THE COMMUNITY, THERE WAS NO WAY TO ESTIMATE SEED PRODUCED UNDER COMMUNITY CONTRACT IN THIRD COUNTRIES. IT WAS POINTED OUT BY MISSION OFFICER THAT WHILE REGISTRATION OF EC MULTIPLICATION CONTRACTS COULD PROVIDE ADDITIONAL INFORMATION REGARDING POTENTIAL WORLD SUPPLY, SUCH INFORMATION COULD BE OF LITTLE VALUE FOR COMMUNITY PLANNING PURPOSES SINCE THERE WAS NO GUARANTEE THAT SUCH SEED WOULD EVENTUALLY BE MARKETING WITHIN THE COMMUNITY. MR. TOUGAARD AGREED THAT THE SYSTEM WAS NOT IDEAL, HOWEVER, HE SAID THAT IT WAS IMPORTANT TO FORECAST THIS PRODUCTION BECAUSE COMMUNITY FIGURES SHOW THAT AROUND 80 PERCENT OF THE SEED IMPORTED INTO THE COMMUNITY TODAY IS SEED PRODUCED THROUGH MULTIPLICATION CONTRACTS IN THIRD COUNTRIES. HE SAID THAT AFTER 2 OR 3 YEARS IMPROVED PREDICTIONS SHOULD

BE POSSIBLE, BASED ON INFORMATION AVAILABLE THROUGH THE REGISTRATION OF CONTRACTS.

3. MISSION OFFICER COMMENTED THAT IF INCREASED MARKET INFORMATION WAS THE OBJECTIVE IT WOULD SEEM THAT THERE WOULD ALREADY BE OTHER AVENUES THROUGH WHICH INFORMATION REGARDING POTENTIAL SEED SUPPLY WOULD BE AVAILABLE AND ASKED IF THE EC HAD INVESTIGATED OTHER POSSIBLE SOURCES. HE SAID THAT THERE WAS SOME ATTEMPT MADE A COUPLE OF YEARS AGO TO FORECAST WORLD SEED SUPPLIES UNDER INTERNATIONAL AUSPICES; HOWEVER, HE DID NOT FIND THAT THIS SYSTEM FUNCTIONED SATISFACTORILY.

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4. WHEN ASKED IF THERE WAS SUPPORT FOR THIS PROPOSAL ON THE PART OF PRODUCERS AND SEED CONTRACTING FIRMS IN THE EC, MR. TOUGAARD SAID THAT HE HADN'T REALLY MADE AN INQUIRY, BUT THOUGHT PERHAPS MORE THAN HALF OF THEM WERE IN FAVOR OF THIS APPROACH, PARTICULARLY THOSE FIRMS INVOLVED IN MULTIPLICATION CONTRACTING WITH THE PRODUCERS IN OREGON.

5. THIS PROPOSAL, IF APPROVED, WOULD ONLY PROVIDE AUTHORITY FOR ADOPTION OF A SYSTEM FOR CONTRACT REGISTRATION WITH ACTUAL PROCEDURAL DETAILS TO BE WORKED OUT LATER. IN SOME INITIAL THOUGHTS ALONG THIS LINE, MR. TOUGAARD FELT THAT REGISTRANTS WOULD BE REQUIRED TO PROVIDE AT A MINIMUM INFORMATION ON AREA, VARIETY

AND SPECIES. WHEN ASKED HOW COMPLIANCE WITH THE SYSTEM WOULD BE INSURED, MR. TOUGAARD BELIEVED THAT NO ADDITIONAL MECHANISM WOULD BE REQUIRED SINCE SUFFICIENT INFORMATION WAS ALREADY AVAILABLE REGARDING IMPORTED SEED FOR COMMISSION OFFICIALS TO CHECK SUSPECTED VIOLATIONS. IN ANY CASE, HE DID NOT FEEL THIS TO BE LIMITED OFFICIAL USE

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A PROBLEM BECAUSE OF THE SMALL NUMBER OF EC FIRMS INVOLVED IN MULTIPLICATION CONTRACTS IN THIRD COUNTRIES.

6. FINALLY, WHEN ASKED WHETHER INFORMATION REGARDING MULTIPLICATION CONTRACTS COULD POTENTIALLY BE USED TO INITIATE SAFEGUARD ACTIONS, MR. TOUGAARD SAID THAT THIS WAS CERTAINLY NOT THE INTENTION OF THE PROPOSAL. HE DID SAY, HOWEVER, THAT ALL INFORMATION AVAILABLE WAS TAKEN INTO ACCOUNT WHEN MAKING DECISIONS OF THIS KIND.

7. THE TOTAL PRICE PACKAGE WILL LIKELY NOT COME UP FOR CONSIDERATION IN THE COUNCIL BEFORE MID-APRIL. HOWEVER, WORK ON THE PROPOSALS REGARDING SEED WILL BEGIN AT THE TECHNICAL (WORKING GROUP) LEVEL BY THE END OF JANUARY. HINTON

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